MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2018/2019

BAC1834 – FINANCIAL ACCOUNTING 1

(All sections / Groups)

13 October 2018
9 am – 11 am
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of **8** pages excluding the cover page with:
   Section A: Twenty (20) multiple choice questions
   Section B: Three (3) structured questions

2. Attempt **ALL** questions. Marks are shown at the end of each question.

3. Answer **Section A** in the multiple choice answer sheet and answer **Section B** in the answer booklet provided.

SECTION A: MULTIPLE CHOICE QUESTIONS (40 MARKS)

There are **TWENTY (20)** questions in this section. Answer ALL questions on the **multiple choice answer sheet.**

1. The accounting process involves all of the following **except**
   A. identifying economic events that are relevant to the business.
   B. communicating financial information to users by preparing financial reports.
   C. recording non-quantifiable economic events.
   D. analyzing and interpreting financial reports.

2. The accounting process is correctly sequenced as _____.
   A. identification, communication, recording.
   B. recording, communication, identification.
   C. identification, recording, communication.
   D. communication, recording, identification.

3. Which of the following is an external user of accounting information?
   A. Labor unions.
   B. Finance directors.
   C. Company officers.
   D. Managers.

4. An account will have a credit balance if the _____.
   A. credits exceed the debits.
   B. first transaction entered was a credit.
   C. debits exceed the credits.
   D. last transaction entered was a credit.

5. Assets normally show _____.
   A. credit balances.
   B. debit balances.
   C. debit and credit balances.
   D. debit or credit balances.

6. The first step in the recording process is to _____.
   A. prepare financial statements.
   B. analyze each transaction for its effect on the accounts.
   C. post to a journal.
   D. prepare a trial balance.

7. ESG Berhad purchased equipment for RM1,800 cash. As a result of this event, _____.
   A. equity decreased by RM1,800.
   B. total assets increased by RM1,800.
   C. total assets remained unchanged.
   D. total liabilities increased by RM1,800.

Continued...

8. Adjusting entries are required _____.
   A. yearly.
   B. quarterly.
   C. monthly.
   D. every time financial statements are prepared.

9. Expenses incurred but not yet paid or recorded are called _____.
   A. prepaid expenses.
   B. accrued expenses.
   C. interim expenses.
   D. unearned expenses.

10. Prepaid expenses are _____.
   A. paid and recorded in an asset account before they are used or consumed.
   B. paid and recorded in an asset account after they are used or consumed.
   C. incurred but not yet paid or recorded.
   D. incurred and already paid or recorded.

11. Inventories affect _____.
   A. only the statement of financial position.
   B. only the income statement.
   C. both the statement of financial position and the income statement.
   D. neither the statement of financial position nor the income statement

12. Which one of the following inventory methods is often impractical to use?
   A. Specific identification
   B. Average cost
   C. FIFO
   D. All of these answer choices are practical to use

13. Control over cash disbursements is generally more effective when _____.
   A. all bills are paid in cash.
   B. disbursements are made by the accounts payable subsidiary clerk.
   C. payments are made by check.
   D. all purchases are made on credit.

14. Blank checks _____.
   A. should be safeguarded.
   B. should be pre-signed.
   C. do not need to be safeguarded since they must be signed to be valid.
   D. should not be prenumbered.

15. Which one of the following is not an objective of a system of internal controls?
   A. Safeguard company assets
   B. Overstate liabilities in order to be conservative
   C. Enhance the accuracy and reliability of accounting records
   D. Increase efficiency of operations

Continued...

16. Which one of the following affects cash during a period?
    A. Recording depreciation expense
    B. Declaration of a cash dividend
    C. Write-off of an uncollectible account receivable
    D. Payment of an accounts payable

17. The statement of cash flows _____.
    A. must be prepared on a daily basis.
    B. summarizes the operating, financing, and investing activities of an entity.
    C. is another name for the income statement.
    D. is a special section of the income statement.

18. The statement of cash flows reports each of the following **except** _____.
    A. cash receipts from operating activities.
    B. cash payments from investing activities.
    C. the net change in cash.
    D. cash sales.

19. Each of the following are particularly interested in the statement of cash flows **except** _____.
    A. creditors.
    B. employees.
    C. shareholders.
    D. government agencies.

20. Comparisons of financial data made within a company are called _____.
    A. intracompany comparisons.
    B. interior comparisons.
    C. intercompany comparisons.
    D. intramural comparisons.

[Total marks = 40 marks]

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SECTION B: STRUCTURED QUESTIONS (60 MARKS)

There are **THREE (3)** questions in this section. Candidates must answer ALL three questions in the **answer booklet.**

QUESTION 1

A) The following transactions were carried out by Ariana Ross Enterprise in the month of January, 2018.

Jan , 1	Started business by depositing RM50,000 into the bank account.
4	Bought goods RM4,000 from Teoh by check.
8	Sold goods on credit to Stacy Trading RM500.
16	Owner brought in a furniture costing RM5,000 into the business.
19	Bought goods on credit from Ewal Enterprise RM1,500.
20	Sold goods to Syarikat Kuza , RM800 and received payment by check.
22	Bought a computer RM1,800 by check.
25	Return damage goods RM300 to Ewal Enterprise.
26	Paid electricity amounting to RM700 by check.
28	Owner took out RM100 of goods to be given to his father.

Required

Record the above transactions using the General Journal form. Explanations are not required.

(10 marks)

Continued...

B) The following ledger accounts was extracted from the book of Aideila Beauty Berhad as of January 31, 2017.

Accounts Payable	RM 500	Rent Expense	RM 500
Accounts Receivable	2,000	Service Revenue	5,000
Cash	3,000	Supplies	200
Share Capital-Ordinary	2,200	Salaries and Wages Expense	1,000
Dividends	1,000		

Required

Prepare a trial balance as at 31 January 2017.

(10 marks)

[Total marks = 20 marks]

QUESTION 2

A) Selected transactions for the Elden Berhad are listed below.

1. Collected accounts receivable.
2. Declared and paid dividends on ordinary shares.
3. Sold long-term investments for cash.
4. Issued ordinary shares for equipment.
5. Repaid five year note payable.
6. Paid employee wages.
7. Converted bonds payable to ordinary shares.
8. Acquired long-term investment with cash.
9. Sold buildings and equipment for cash.
10. Sold merchandise to customers.

Required

Classify each transaction as either (a) Operating activity, (b) Investing activity, (c) Financing activity, or (d) Noncash investing and financing activity.

(10 marks)

Continued...

B) Chinta Berhad sells many products. Whamo is one of its popular items. Below is an analysis of the inventory purchases and sales of Whamo for the month of March. The company uses the perpetual inventory system.

		Purchases		Sales	
		Units	Per Unit	Units	Per Unit
1-March	Beginning inventory	100	RM40		
3-March	Purchase	60	RM50		
4-March	Sales			70	RM80
10-March	Purchase	200	RM55		
16-March	Sales			80	RM90
25-March	Sales			70	RM90
30-March	Purchase	40	RM60		

Required

Using the FIFO assumption, calculate the amount charged to cost of goods sold and closing inventory for March. (Show computations)

(10 marks)

[Total marks = 20 marks]

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QUESTION 3

The following Trial Balance was extracted from the books of Kelvin Trading as at 31 December 2017.

	Debit (RM)	Credit (RM)
Office equipment	15,850	
Motor vehicles	9,150	
Accumulated depreciation - Office equipment		3,510
Accumulated depreciation - Motor vehicles		1,373
Inventory as at 1 January 2017	3,415	
Account receivable and account payable	9,060	3,632
Capital		29,608
Purchases and Sales	19,110	31,560
Return inwards and return outwards	110	112
Discount Allowed and discount received	215	175
Advertising	4,250	
Cash	1,630	
Commission received		740
6% loan from Maybank		8,000
Rent	2,400	
Maintenance	1,595	
Wages	1,000	
Salaries	3,105	
Insurance	1,000	
Bank	5,270	
Carriage inwards	210	
Carriage outwards	250	
Telephone and electricity	610	
Interest expenses	480	
	78,710	78,710

Additional information to be taken into consideration:

1. Inventory as at 31 December 2017 was valued at RM2,600.

2. RM300 of the insurance was prepaid.

3. The following amounts were accrued expenses:
   - Salaries RM1,000
   - Telephone and electricity RM3,800

4. Depreciation expenses for the year are as follows:
   - Office equipment RM1,200
   - Motor vehicles RM2,400

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Required

a) Prepare the statement of profit or loss for the year ended 31 December 2017.
(12 marks)

b) Prepare the statement of financial position as at 31 December 2017.
(8 marks)

[Total marks = 20 marks]

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